

MINUTES
VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY
PERIMETER CENTER CONFERENCE CENTER BOARD ROOM 2
GLEN ALLEN, VIRGINIA

WEDNESDAY, SEPTEMBER 7, 2011
11:00 A.M.

CALL TO ORDER AND INTRODUCTIONS

Chair Art Moye called the meeting to order.

Members Present: Art Moye, Joan Bondareff, Lisa Johnson, Mary Doswell, Bob Matthias, Brian Redmond, Ron Ritter

Members Absent: None.

Staff Present: Cathie France, DMME Deputy Director for Energy Policy; Al Christopher, DMME Division of Energy Director; Ken Jurman, DMME Renewable Energy Manager; Kerri Nicholas, Assistant Attorney General

APPROVAL OF MINUTES

The Chair called for a motion to approve the July 26, 2011, minutes as presented. A motion was made by Mary Doswell and seconded by Bob Matthias. The minutes were unanimously approved.

UPDATE ON BOEMRE TASK FORCE MEETING

Presenter: Al Christopher

Al Christopher reported on the August 17 BOEMRE - Virginia Task Force meeting held in Norfolk. A copy of the meeting summary was provided to members. The purpose of this meeting was to review the draft Call area, discuss recent efforts, and examine navigational and other concerns. The target date for Virginia's Call still remains mid-October. Materials for this and previous Task Force meetings are available on BOEMRE's website at <http://www.boemre.gov/offshore/RenewableEnergy/StateActivities-Virginia.htm>.

WORK PLAN UPDATES

Presenter: Art Moye

Regulatory Structure/Policy

Presenter: Mary Doswell

Mary Doswell presented a broad overview of Virginia's regulatory structure for meeting electric supply and demand requirements. A copy of the PowerPoint presentation was provided to members and will be posted to the VOWDA website. After discussion, it was agreed to modify the presentation to include other considerations (i.e. cost benefits) and to clarify that the information applies only to investor-owned utilities. Lisa Johnson agreed to prepare a similar outline structure for cooperatives and will try to have the presentation ready for the next meeting.

Mary and Joan also developed a template to track federal and state offshore wind legislation. It was agreed to add an additional column to the form entitled "VOWDA Action." Any modifications or updates can be sent to Mary, who will keep this form up to date.

CHESAPEAKE LIGHT TOWER UPDATE

Presenter: Bob Matthias

Bob reported that a copy of the Virginia Beach engineering consultant's feasibility report had been sent to members. Virginia Beach is no longer interested in purchasing the Chesapeake Light Tower (CLT). A group of federal agencies have expressed interest in putting together a proposal to purchase the CLT.

Brian Redmond informed the Board that AWS Truepower LLC had contacted him about coming to Virginia to make a free consulting presentation to provide insight into what would be required from a wind measurement perspective to use the CLT to support offshore wind. AWS has been involved in preparing the offshore meteorological studies for both Cape Wind and Deepwater. The scheduled August presentation with AWS has been postponed until sometime in October. This could provide an opportunity to hear AWS's ideas on how to make a business case for CLT, perhaps including a public-private partnership.

Joan Bondareff noted that the Coast Guard authorization bill H.R. 2838 (Coast Guard and Maritime Transportation Act) might provide a vehicle for a public-private partnership solution to ownership of CLT.

CARPER-SNOWE OFFSHORE WIND TAX CREDIT LEGISLATION

Presenter: Joan Bondareff

Joan gave an overview of this federal legislation that would extend investment tax credits in the amount of 30% for the first 3,000 MW of offshore wind facilities placed into service and recommended that VOWDA support this bill. Brian Redmond reported that

Jim Lanard (Offshore Wind Development Coalition) requested VOWDA assistance with Virginia congressional representatives to support the Carper-Snowe legislation.

Discussion included that the 3,000 MW cap, which the Senate included so actual costs would be known, was restrictive and could be a disadvantage for Virginia. It was agreed that more information is needed to ensure the legislation will benefit Virginia before VOWDA makes a recommendation whether or not to support this legislation. This will be discussed at next month's meeting.

1. Brian Redmond will follow up with Jim Lanard:
 - a. What is the legislative time frame?
 - b. Are there any studies that indicate 3,000 MW are enough to drive down costs and jumpstart the offshore wind industry?
2. Cathie France will contact Senators Webb and Warner to find out their position on this legislation.

REVIEW OF STAKEHOLDER SURVEY RESULTS

Presenter: Cathie France

Members were provided copies of the Stakeholder Survey Results PowerPoint presentation and Raw Data Summary. Cathie reported that 22 survey responses were received and the American Wind Energy Association and the Virginia Offshore Wind Coalition were the top two groups to respond. The responses fall into 3 major drivers: (1) Demand-Policy Mandate, (2) Project Costs, and (3) Developer Cost. Other drivers include supply chain, workforce training, public opinion poll to determine willingness to pay increased fees for offshore wind, economic impact study, and job creation/economic development benefit study. The Raw Data Summary also identified initiatives that are already being undertaken through DMME contracts with VT-ARI and JMU. The state critical barriers raw data section will be the focus of VOWDA's annual report.

DISCUSSION OF VOWDA LEGISLATIVE RECOMMENDATIONS

Presenter: Cathie France

Members discussed possible VOWDA legislative recommendations and funding requests that will be submitted to the Governor's Office through DMME no later than September 18. The board agreed to the budget requests which have to be submitted earlier than their legislative requests and reserved on the final recommendations for further legislation after they review the draft annual report to the legislature. Cathie will finalize recommendations and send to members' for review.

1. Request \$3 million in funding to purchase and develop the Chesapeake Light Tower and provide a mechanism for cost sharing for other specifically identified cost items, i.e. environmental studies, met tower installations.
2. Recommend a State tax credit for offshore wind projects in Virginia that would have some type of cap or limitation to identify and control costs and be informed by best practices elsewhere.

3. Request \$2 million in funding to conduct a public opinion survey/study for three areas identified in survey results.
 - a. Public opinion survey to determine support at various price levels.
 - b. Socio-economic benefit and ratepayer impact for various scales of development.
 - c. Cost-benefit analysis to compare new coal and natural gas generation to offshore wind generation, including public health and environmental costs.
4. Recommend funding to hire a VCERC director to help coordinate offshore wind activities and to look for funding.
5. Request funding for VOWDA operations. This staff support could reside with DMME.
6. Recommend the Port Authority do an analysis of what infrastructure is needed to support the attractiveness of the port as a Mid-Atlantic offshore wind staging area.

VOWDA ANNUAL REPORT

Presenter: Art Moye

Cathie France developed an outline for the Annual Report that is due October 15.

- I. Mission
- II. Summary of Activities
- III. Federal Offshore Wind Developments and Actions
- IV. Recommendations
- V. Future Goals and Activities
- VI. Conclusion

The Board approved the outline with the addition of a section on “Other States Activities’. Cathie will draft the report for review at the Board’s October 5 meeting. The final draft report will be distributed to members for review before submission.

ANNOUNCEMENTS

The next meeting is scheduled for Wednesday, October 5th, 10 a.m., at the Twin Hickory Area Library in Glen Allen.

ADJOURNMENT

The meeting adjourned at 2:00 p.m.